

TRADEMARK ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:

NEW ASSIGNMENT

NATURE OF CONVEYANCE:

SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Sure Fit Inc.		04/13/2006	CORPORATION: DELAWARE

RECEIVING PARTY DATA

Name:	D.E. Shaw Sure Fit Acquisition Holdings, L.L.C.
Street Address:	120 West 45th Street
Internal Address:	39th Floor
City:	New York
State/Country:	NEW YORK
Postal Code:	10036
Entity Type:	LIMITED LIABILITY COMPANY: DELAWARE

PROPERTY NUMBERS Total: 7

Property Type	Number	Word Mark
Registration Number:	2547468	DECOR EXPRESS
Registration Number:	521780	SURE-FIT
Registration Number:	2423484	HOMESCAPES
Registration Number:	2392448	SLIPCOVERS BY MAIL
Registration Number:	3028573	THE 10-MINUTE MAKEOVER
Registration Number:	3043711	SURE FIT
Serial Number:	76564152	HOMESTYLE BY SURE FIT

CORRESPONDENCE DATA

Fax Number: (212)728-8111

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

Phone: (212) 728-8776

Email: ipdept@willkie.com

Correspondent Name: Kim A. Walker

Address Line 1: 787 Seventh Avenue

TRADEMARK

REEL: 003292 FRAME: 0121

900046911

CH \$190.00 2547468

Address Line 2: Willkie Farr & Gallagher LLP
Address Line 4: New York, NEW YORK 10019

ATTORNEY DOCKET NUMBER: 113873.00013

NAME OF SUBMITTER: Kim A. Walker

Signature: /kaw-907/

Date: 04/18/2006

Total Attachments: 17

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SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of April 13, 2006, among Sure Fit Inc., a Delaware corporation (the "Grantor"), on the one hand, and D. E. Shaw Sure Fit Acquisition Holdings, L.L.C., a Delaware limited liability company (the "Secured Party").

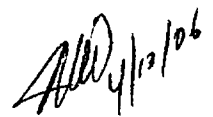
WHEREAS, the Grantor has entered into a Revolving Credit Demand Note, dated as of April 13, 2006 (as amended and in effect from time to time, the "Revolving Demand Note"), with the Secured Party, pursuant to which the Secured Party, subject to the terms and conditions contained therein, has agreed, on the terms and conditions set forth in the Revolving Demand Note, to make revolving credit loans to the Grantor (the "Loans") in an amount of up to \$6,000,000; and

WHEREAS, the Grantor wishes to grant a security interest in favor of the Secured Party as herein provided;

NOW, THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions. All capitalized terms used herein without definitions shall have the respective meanings provided therefore in the Revolving Credit Agreement, dated as of August 10, 2004 (as amended and in effect from time to time, the "Revolving Credit Agreement"). The term "State," as used herein, means the State of New York. All terms defined in the Uniform Commercial Code of the State and used herein shall have the same definitions herein as specified therein. However, if a term is defined in Article 9 of the Uniform Commercial Code of the State differently than in another Article of the Uniform Commercial Code of the State, the term has the meaning specified in Article 9. The term "Obligations," as used herein, means all of the indebtedness, obligations and liabilities of the Grantor and its subsidiaries to the Secured Party whether direct or indirect, joint or several, absolute or contingent, due or to become due, now existing or hereafter arising under or in respect of the Revolving Demand Note, this Agreement or any other document, agreement or instrument entered into by the Secured Party or any of its subsidiaries in connection with the Revolving Demand Note, and the term "Event of Default," as used herein, means: (i) any failure to pay any obligation due under the Revolving Demand Note or this Agreement; (ii) any breach of or failure to comply with the Revolving Demand Note or this Agreement; and (iii) an Event of Default as defined in the Revolving Credit Agreement or any document, agreement or instrument entered into in connection with the Revolving Credit Agreement.

2. Grant of Security Interest. The Grantor hereby grants to the Secured Party, to secure the payment and performance in full of all of the Obligations, a security interest in and so pledges and assigns to the Secured Party, subject and subordinate to the security interest granted to Secured Party, as assignee of D. E. Shaw Laminar Lending, Inc. as of March 1, 2006, pursuant to the Revolving Credit Agreement, the following properties, assets and rights of the Grantor, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (all of the same being hereinafter called the "Collateral"): all personal and fixture property of every kind and nature including without limitation all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts,

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letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, all Trademarks, Patents and Copyrights (each as defined below) and all other intellectual property and other general intangibles (including all payment intangibles). The Secured Party acknowledges that the attachment of its security interest in any commercial tort claim as original collateral is subject to the Grantor's compliance with Section 4.7.

"Trademarks" shall mean (a) all Grantor's registered and unregistered trademarks, trade names, corporate names, business names, fictitious business names, internet domain names, trade styles, service marks, logos, slogans, certification marks, collective marks and other source or business identifiers, designs and general intangibles of a like nature, now existing anywhere in the world or hereafter adopted or acquired, and the goodwill associated therewith, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, including, without limitation, any thereof referred to on Schedule A; (b) all renewals or extensions thereof; (c) the right to sue for past, present and future infringement or dilution of any of the foregoing or for any injury to goodwill; and (d) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit.

"Copyrights" shall mean: (a) all Grantor's copyrights, whether registered or unregistered, now or hereafter in force throughout the world, including, without limitation, including, without limitation, each copyright registration and application referred to in Schedule B attached hereto, (b) all renewals or extensions thereof, and (c) the right to sue for past, present and future infringement of any of the foregoing, and (d) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit.

"Patents" shall mean (a) all Grantor's letters patent and applications for letters patent throughout the world, now or hereafter in force throughout the world, including, without limitation, each patent and patent application referred to in Schedule C attached hereto; (b) all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations thereof; (c) the right to sue for past, present and future infringement of any of the foregoing; and (d) all proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and proceeds of suit.

3. Authorization to File Financing Statements. The Grantor hereby irrevocably authorizes the Secured Party at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of the Grantor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code of the State or such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) provide any other information required by part 5 of Article 9 of the Uniform Commercial Code of the State, or such other jurisdiction, for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Grantor is an organization, the type of organization and any organizational identification number issued to the

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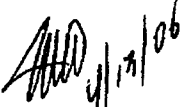
Grantor and, (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. The Grantor agrees to furnish any such information to the Secured Party promptly upon the Secured Party's request. The Grantor also ratifies its authorization for the Secured Party to have filed in any Uniform Commercial Code jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof.

4. Other Actions. To further the attachment, perfection and second priority of, and the ability of the Secured Party to enforce, the Secured Party's security interest in the Collateral, and without limitation on the Grantor's other obligations in this Agreement, the Grantor agrees, at its expense, to take the following actions with respect to the following Collateral, subject only to the rights of the Secured Party under the Revolving Credit Agreement (and, without limiting the generality of the foregoing limitation, all provisions of this Agreement that refer to delivery to or possession or control by, or endorsement in favor of, the Secured Party of any Collateral (or similar provisions) shall be deemed to refer to delivery to or possession or control by, or endorsement in favor of, the Secured Party under the Revolving Credit Agreement for as long as any of the obligations under the Revolving Credit Agreement are outstanding):

4.1. Promissory Notes and Tangible Chattel Paper. If the Grantor shall at any time hold or acquire any promissory notes or tangible chattel paper, the Grantor shall forthwith endorse, assign and deliver the same to the Secured Party, accompanied by such instruments of transfer or assignment duly executed in blank as the Secured Party may from time to time specify.

4.2. Deposit Accounts. For each deposit account that the Grantor at any time opens or maintains, the Grantor shall, at the Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (a) cause the depository bank to comply at any time with instructions from the Secured Party to such depository bank directing the disposition of funds from time to time credited to such deposit account, without further consent of the Grantor, or (b) arrange for the Secured Party to become the customer of the depository bank with respect to the deposit account, with the Grantor being permitted, only with the consent of the Secured Party, to exercise rights to withdraw funds from such deposit account. The Secured Party agrees with the Grantor that the Secured Party shall not give any such instructions or withhold any withdrawal rights from the Grantor, unless an Event of Default has occurred and is continuing, or would occur, if effect were given to any withdrawal not otherwise permitted by the Loan Documents. The provisions of this paragraph shall not apply to (i) any deposit account for which the Grantor, the depository bank and the Secured Party have entered into a cash collateral agreement specially negotiated among the Grantor, the depository bank and the Secured Party for the specific purpose set forth therein, (ii) a deposit account for which the Secured Party is the depository bank and is in automatic control, and (iii) deposit accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of the Grantor's salaried employees.

4.3. Investment Property. If the Grantor shall at any time hold or acquire any certificated securities, the Grantor shall forthwith endorse, assign and deliver the same to the Secured Party, accompanied by such instruments of transfer or assignment duly executed in blank as the Secured Party may from time to time specify. If any securities now or hereafter acquired by

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the Grantor are uncertificated and are issued to the Grantor or its nominee directly by the issuer thereof, the Grantor shall immediately notify the Secured Party thereof and, at the Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (a) cause the issuer to agree to comply with instructions from the Secured Party as to such securities, without further consent of the Grantor or such nominee, or (b) arrange for the Secured Party to become the registered owner of the securities. If any securities, whether certificated or uncertificated, or other investment property now or hereafter acquired by the Grantor are held by the Grantor or its nominee through a securities intermediary or commodity intermediary, the Grantor shall immediately notify the Secured Party thereof and, at the Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (i) cause such securities intermediary or (as the case may be) commodity intermediary to agree to comply with entitlement orders or other instructions from the Secured Party to such securities intermediary as to such securities or other investment property, or (as the case may be) to apply any value distributed on account of any commodity contract as directed by the Secured Party to such commodity intermediary, in each case without further consent of the Grantor or such nominee, or (ii) in the case of financial assets or other investment property held through a securities intermediary, arrange for the Secured Party to become the entitlement holder with respect to such investment property, with the Grantor being permitted, only with the consent of the Secured Party, to exercise rights to withdraw or otherwise deal with such investment property. The Secured Party agrees with the Grantor that the Secured Party shall not give any such entitlement orders or instructions or directions to any such issuer, securities intermediary or commodity intermediary, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by the Grantor, unless an Event of Default has occurred and is continuing, or, after giving effect to any such investment and withdrawal rights not otherwise permitted by the Loan Documents, would occur. The provisions of this paragraph shall not apply to any financial assets credited to a securities account for which the Secured Party is the securities intermediary.

4.4. Collateral in the Possession of a Bailee. If any Collateral is at any time in the possession of a bailee, the Grantor shall promptly notify the Secured Party thereof and, at the Secured Party's request and option, shall promptly obtain an acknowledgement from the bailee, in form and substance satisfactory to the Secured Party, that the bailee holds such Collateral for the benefit of the Secured Party, and that such bailee agrees to comply, without further consent of the Grantor, with instructions from the Secured Party as to such Collateral. The Secured Party agrees with the Grantor that the Secured Party shall not give any such instructions unless an Event of Default has occurred and is continuing or would occur after taking into account any action by the Grantor with respect to the bailee.

4.5. Electronic Chattel Paper and Transferable Records. If the Grantor at any time holds or acquires an interest in any electronic chattel paper or any "transferable record," as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, the Grantor shall promptly notify the Secured Party thereof and, at the request and option of the Secured Party, shall take such action as the Secured Party may reasonably request to vest in the Secured Party control, under Section 9-105 of the Uniform Commercial Code, of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions

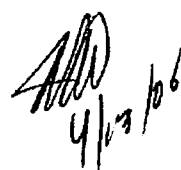
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Act, as so in effect in such jurisdiction, of such transferable record. The Secured Party agrees with the Grantor that the Secured Party will arrange, pursuant to procedures satisfactory to the Secured Party and so long as such procedures will not result in the Secured Party's loss of control, for the Grantor to make alterations to the electronic chattel paper or transferable record permitted under UCC Section 9-105 or, as the case may be, Section 201 of the federal Electronic Signatures in Global and National Commerce Act or Section 16 of the Uniform Electronic Transactions Act for a party in control to make without loss of control, unless an Event of Default has occurred and is continuing or would occur after taking into account any action by the Grantor with respect to such electronic chattel paper or transferable record.

4.6. Letter-of-Credit Rights. If the Grantor is at any time a beneficiary under a letter of credit, the Grantor shall promptly notify the Secured Party thereof and, at the request and option of the Secured Party, the Grantor shall, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (i) arrange for the issuer and any confirmer or other nominated person of such letter of credit to consent to an assignment to the Secured Party of the proceeds of the letter of credit, or (ii) arrange for the Secured Party to become the transferee beneficiary of the letter of credit, with the Secured Party agreeing, in each case, that the proceeds of the letter to credit are to be applied to the prepayment of the Obligations.

4.7. Commercial Tort Claims. If the Grantor shall at any time hold or acquire a commercial tort claim, the Grantor shall immediately notify the Secured Party in a writing signed by the Grantor of the particulars thereof and grant to the Secured Party in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Secured Party.

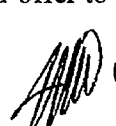
4.8. Other Actions as to Any and All Collateral. The Grantor further agrees, at the request and option of the Secured Party, to take any and all other actions the Secured Party may determine to be necessary or useful for the attachment, perfection and second priority of, and the ability of the Secured Party to enforce, the Secured Party's security interest in any and all of the Collateral, including, without limitation, (a) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the Uniform Commercial Code, to the extent, if any, that the Grantor's signature thereon is required therefore, (b) causing the Secured Party's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of the Secured Party to enforce, the Secured Party's security interest in such Collateral, (c) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Secured Party to enforce, the Secured Party's security interest in such Collateral, (d) obtaining governmental and other third party waivers, consents and approvals in form and substance satisfactory to Secured Party, including, without limitation, any consent of any licensor, lessor or other person obligated on Collateral, (e) obtaining waivers from mortgagees and landlords in form and substance satisfactory to the Secured Party and (f) taking all actions under any earlier versions of the Uniform Commercial Code or under any other law, as reasonably determined by the Secured Party to be applicable in any relevant Uniform Commercial Code or other jurisdiction, including any foreign jurisdiction.



5. Covenants Concerning Grantor's Legal Status. The Grantor covenants with the Secured Party as follows: (a) without providing at least 30 days prior written notice to the Secured Party, the Grantor will not change its name, its place of business or, if more than one, chief executive office, or its mailing address or organizational identification number if it has one, (b) if the Grantor obtains an organizational identification number, the Grantor shall forthwith notify the Secured Party of such organizational identification number, and (c) the Grantor will not change its type of organization, jurisdiction of organization or other legal structure.

6. Representations and Warranties Concerning Collateral, etc. The Grantor represents and warrants to the Secured Party as follows: (a) the Grantor is the owner of or has other rights in or power to transfer the Collateral, free from any right or claim or any person or any adverse lien, security interest or other encumbrance, except for the security interests created by the Revolving Credit Agreement and this Agreement and other liens permitted by the Revolving Credit Agreement and this Agreement, (b) none of the Collateral constitutes, or is the proceeds of, "farm products" as defined in Section 9-102(a)(34) of the Uniform Commercial Code of the State, (c) none of the account debtors or other persons obligated on any of the Collateral is a governmental authority covered by the Federal Assignment of Claims Act or like federal, state or local statute or rule in respect of such Collateral, (d) the Grantor does not hold a commercial tort claim, and (e) the Grantor has at all times operated its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances.

7. Covenants Concerning Collateral, etc. Subject to the covenants set forth in, and interests of the Secured Party pursuant to, the Revolving Credit Agreement, the Grantor further covenants with the Secured Party as follows: (a) the Collateral, to the extent not delivered to the Secured Party pursuant to Section 4, will be kept at those locations identified in writing to the Secured Party on or before the date hereof and the Grantor will not remove the Collateral from such locations, without providing at least 30 days prior written notice to the Secured Party, (b) except for the security interest granted and liens permitted by the Revolving Credit Agreement and this Agreement, the Grantor shall be the owner of or have other rights in the Collateral free from any right or claim of any other person, lien, security interest or other encumbrance, and the Grantor shall defend the same against all claims and demands of all persons at any time claiming the same or any interests therein adverse to the Secured Party, (c) the Grantor shall not pledge, mortgage or create, or suffer to exist any right of any person in or claim by any person to the Collateral, or any security interest, lien or encumbrance in the Collateral in favor of any person, other than the Secured Party except for liens permitted by the Revolving Credit Agreement, (d) the Grantor will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon, (e) the Grantor will permit the Secured Party, or its designee, to inspect the Collateral at any reasonable time, wherever located, (f) the Grantor will pay promptly when due all taxes, assessments, governmental charges and levies upon the Collateral or incurred in connection with the use or operation of such Collateral or incurred in connection with this Agreement, (g) the Grantor will continue to operate, their business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances, and (h) the Grantor will not sell or otherwise dispose, or offer to

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sell or otherwise dispose, of the Collateral or any interest therein except for (i) sales of inventory in the ordinary course of business and (ii) so long as no Event of Default has occurred and is continuing, sales or other dispositions of obsolescent items of equipment consistent with past practices and dispositions permitted by the Revolving Credit Agreement.

8. Insurance.

8.1. Maintenance of Insurance. The Grantor will maintain with financially sound and reputable insurers insurance with respect to their properties and business against such casualties and contingencies as shall be in accordance with general practices of businesses engaged in similar activities in similar geographic areas. Such insurance shall be in such minimum amounts that the Grantor will not be deemed a co-insurer under applicable insurance laws, regulations and policies and otherwise shall be in such amounts, contain such terms, be in such forms and be for such periods as may be reasonably satisfactory to the Secured Party. In addition, all such insurance shall be payable to the Secured Party as loss payee under a "standard" or "New York" loss payee clause. Without limiting the foregoing, the Grantor will (i) keep all of their physical property insured with casualty or physical hazard insurance on an "all risks" basis, with broad form flood and earthquake coverage and electronic data processing coverage, with a full replacement cost endorsement and an "agreed amount" clause in an amount equal to 100% of the full replacement cost of such property, (ii) maintain all such workers' compensation or similar insurance as may be required by law, and (iii) maintain, in amounts and with deductibles equal to those generally maintained by businesses engaged in similar activities in similar geographic areas, general public liability insurance against claims of bodily injury, death or property damage occurring, on, in or about the properties of the Grantor; business interruption insurance; and product liability insurance.

8.2. Insurance Proceeds. The proceeds of any casualty insurance in respect of any casualty loss of any of the Collateral shall, subject to the rights of the Secured Party pursuant to the Revolving Credit Agreement and the rights, if any, of other parties with an interest having priority in the property covered thereby, (i) so long as no Default or Event of Default has occurred and is continuing and to the extent that the amount of such proceeds is less than \$1,000,000, be disbursed to the Grantor for direct application by the Grantor solely to the repair or replacement of the Grantor's property so damaged or destroyed, and (ii) in all other circumstances, be held by the Secured Party as cash collateral for the Obligations. The Secured Party may, at its sole option, disburse from time to time all or any part of such proceeds so held as cash collateral, upon such terms and conditions as the Secured Party may reasonably prescribe, for direct application by the Grantor solely to the repair or replacement of the Grantor's property so damaged or destroyed, or the Secured Party may apply all or any part of such proceeds to the Obligations.

8.3. Continuation of Insurance. All policies of insurance shall provide for at least 30 days prior written cancellation notice to the Secured Party. In the event of failure by the Grantor to provide and maintain insurance as herein provided, the Secured Party may, at its option, provide such insurance and charge the amount thereof to the Grantor. Upon request of the Secured Party, the Grantor shall furnish the Secured Party with certificates of insurance and policies evidencing compliance with the foregoing insurance provision.

9. Collateral Protection Expenses; Preservation of Collateral.

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9.1. Expenses Incurred by Secured Party. In the Secured Party's discretion, if the Grantor fails to do so, the Secured Party may discharge taxes and other encumbrances at any time levied or placed on any of the Collateral, maintain any of the Collateral, make repairs thereto and pay any necessary filing fees or insurance premiums. The Grantor agrees to reimburse the Secured Party on demand for all expenditures so made. The Secured Party shall have no obligation to the Company to make any such expenditures, nor shall the making thereof be construed as the waiver or cure of any Default or Event of Default.

9.2. Secured Party's Obligations and Duties. Anything herein to the contrary notwithstanding, the Grantor shall remain obligated and liable under each contract or agreement comprised in the Collateral to be observed or performed by such Grantor thereunder. The Secured Party shall not have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Secured Party of any payment relating to any of the Collateral, nor shall the Secured Party be obligated in any manner to perform any of the obligations of the Grantor under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Secured Party in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to the Secured Party or to which the Secured Party may be entitled at any time or times. The Secured Party's sole duty with respect to the custody, safe keeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Uniform Commercial Code of the State or otherwise, shall be to deal with such Collateral in the same manner as the Secured Party deals with similar property for its own account.

10. Securities and Deposits. Subject to the rights and interests of the Secured Party under the Revolving Credit Agreement, the Secured Party may at any time following and during the continuance of a Default and Event of Default, at its option, transfer to itself or any nominee any securities constituting Collateral, receive any income thereon and hold such income as additional Collateral or apply it to the Obligations. Subject to the rights and interests of the Secured Party under the Revolving Credit Agreement, whether or not any Obligations are due, the Secured Party may following and during the continuance of a Default and Event of Default demand, sue for, collect, or make any settlement or compromise which it deems desirable with respect to the Collateral. Regardless of the adequacy of Collateral or any other security for the Obligations, any deposits or other sums at any time credited by or due from the Secured Party to the Grantor may at any time be applied to or set off against any of the Obligations.

11. Notification to Account Debtors and Other Persons Obligated on Collateral. If a Default or an Event of Default shall have occurred and be continuing, the Grantor shall, at the request and option of the Secured Party, subject to the rights and interests of the Secured Party under the Revolving Credit Agreement, notify account debtors and other persons obligated on any of the Collateral of the security interest of the Secured Party in any account, chattel paper, general intangible, instrument or other Collateral and that payment thereof is to be made directly to the Secured Party or to any financial institution designated by the Secured Party as the Secured Party's agent therefore, and the Secured Party may itself, if a Default or an Event of Default shall have occurred and be continuing, without notice to or demand upon the Grantor, so notify account

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debtors and other persons obligated on Collateral. After the making of such a request or the giving of any such notification, the Grantor shall hold any proceeds of collection of accounts, chattel paper, general intangibles, instruments and other Collateral received by the Company as trustee for the Secured Party without commingling the same with other funds of the Company and shall turn the same over to the Secured Party in the identical form received, together with any necessary endorsements or assignments. Subject to the rights and interests of the Secured Party under the Revolving Credit Agreement, the Secured Party shall apply the proceeds of collection of accounts, chattel paper, general intangibles, instruments and other Collateral received by the Secured Party to the Obligations, such proceeds to be immediately credited after final payment in cash or other immediately available funds of the items giving rise to them.

12. Power of Attorney.

12.1. Appointment and Powers of Secured Party. The Grantor hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of the Grantor or in the Secured Party's own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or useful to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives said attorneys the power and right, on behalf of the Grantor, without notice to or assent by the Grantor, to do the following, subject to the rights and interests of the Secured Party under the Revolving Credit Agreement:

(a) Upon the occurrence and during the continuance of a Default or an Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise dispose of or deal with any of the Collateral in such manner as is consistent with the Uniform Commercial Code of the State and as fully and completely as though the Secured Party were the absolute owner thereof for all purposes, and to do, at the Grantor's expense, at any time, or from time to time, all acts and things which the Secured Party deems necessary or useful to protect, preserve or realize upon the Collateral and the Secured Party's security interest therein, in order to effect the intent of this Agreement, all at least as fully and effectively as the Grantor might do, including, without limitation, (i) the filing and prosecuting of registration and transfer applications with the appropriate federal, state, local or other agencies or authorities with respect to trademarks, copyrights and patentable inventions and processes, (ii) upon written notice to the Grantor, the exercise of voting rights with respect to voting securities, which rights may be exercised, if the Secured Party so elects, with a view to causing the liquidation of assets of the issuer of any such securities, and (iii) the execution, delivery and recording, in connection with any sale or other disposition of any Collateral, of the endorsements, assignments or other instruments of conveyance or transfer with respect to such Collateral; and

(b) To the extent that the Grantor's authorization given in Section 3 is not sufficient, to file such financing statements with respect hereto, with or without the Grantor's signature, or a photocopy of this Agreement in substitution for a financing statement, as the Secured Party may deem appropriate and to execute in the Grantor's name such financing

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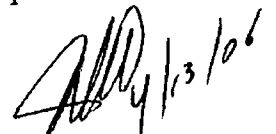
statements and amendments thereto and continuation statements which may require the Grantor's signature.

12.2. Ratification by the Grantor. To the extent permitted by law, the Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and is irrevocable.

12.3. No Duty on Secured Party. The powers conferred on the Secured Party hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The Secured Party shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Grantor for any act or failure to act, except for the Secured Party's own gross negligence or willful misconduct.

13. Rights and Remedies. If an Event of Default shall have occurred and be continuing, the Secured Party, subject to the rights and interests of the Secured Party under the Revolving Credit Agreement, without any other notice to or demand upon the Grantor have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code of the State and any additional rights and remedies which may be provided to a secured party in any jurisdiction in which Collateral is located, including, without limitation, the right to take possession of the Collateral, and for that purpose the Secured Party may, so far as the Grantor can give authority therefore, enter upon any premises on which the Collateral may be situated and remove the same there from. Subject to the rights and interests of the Secured Party under the Revolving Credit Agreement, the Secured Party may in its discretion require the Grantor to assemble all or any part of the Collateral at such location or locations within the jurisdiction(s) of the Grantor's principal office(s) or at such other locations as the Secured Party may reasonably designate. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Secured Party shall give to the Grantor owning such Collateral at least five Business Days prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made. The Grantor hereby acknowledges that five Business Days prior written notice of such sale or sales shall be reasonable notice. In addition, the Grantor waives any and all rights that they may have to a judicial hearing in advance of the enforcement of any of the Secured Party's rights and remedies hereunder, including, without limitation, its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights and remedies with respect thereto.


14. Standards for Exercising Rights and Remedies. To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Grantor acknowledges and agrees that it is not commercially unreasonable for the Secured Party (a) to fail to incur expenses reasonably deemed significant by the Secured Party to prepare Collateral for disposition or otherwise to fail to complete raw material or work in process into finished goods or other finished products for disposition, (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against account debtors or other persons



obligated on Collateral or to fail to remove liens or encumbrances on or any adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as the Grantor, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (h) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to purchase insurance or credit enhancements to insure the Secured Party against risks of loss, collection or disposition of Collateral or to provide to the Secured Party a guaranteed return from the collection or disposition of Collateral, or (l) to the extent deemed appropriate by the Secured Party, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Secured Party in the collection or disposition of any of the Collateral. The Grantor acknowledges that the purpose of this Section 14 is to provide non-exhaustive indications of what actions or omissions by the Secured Party would fulfill the Secured Party's duties under the Uniform Commercial Code or other law of the State or any other relevant jurisdiction in the Secured Party's exercise of remedies against the Collateral and that other actions or omissions by the Secured Party shall not be deemed to fail to fulfill such duties solely on account of not being indicated in this Section 14. Without limitation upon the foregoing, nothing contained in this Section 14 shall be construed to grant any rights to the Grantor or to impose any duties on the Secured Party that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section 14.

15. No Waiver by Secured Party, etc. The Secured Party shall not be deemed to have waived any of its rights or remedies in respect of the Obligations or the Collateral unless such waiver shall be in writing and signed by the Secured Party. No delay or omission on the part of the Secured Party in exercising any right or remedy shall operate as a waiver of such right or remedy or any other right or remedy. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. All rights and remedies of the Secured Party with respect to the Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singularly, alternatively, successively or concurrently at such time or at such times as the Secured Party deems expedient.

16. Suretyship Waivers by the Grantor. The Grantor waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect to both the Obligations and the Collateral, the Grantor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of or failure to perfect any security interest in any Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Secured Party may deem advisable. The Secured Party shall have no duty as to the collection or protection of the Collateral or any income there from, the preservation of

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rights against prior parties, or the preservation of any rights pertaining thereto beyond the safe custody thereof. The Grantor further waives any and all other suretyship defenses.

17. Marshalling. Subject to the rights and interests of the Secured Party under the Revolving Credit Agreement, the Secured Party shall not be required to marshal any present or future collateral security (including but not limited to the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights and remedies hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights and remedies, however existing or arising. Subject to the rights and interests of the Secured Party under the Revolving Credit Agreement, and to the extent that it lawfully may, the Grantor hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Secured Party's rights and remedies under this Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, the Grantor hereby irrevocably waives the benefits of all such laws.

18. Proceeds of Dispositions; Expenses. Subject to the rights and interests of the Secured Party under the Revolving Credit Agreement, the Grantor shall pay to the Secured Party on demand any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by the Secured Party in protecting, preserving or enforcing the Secured Party's rights and remedies under or in respect of any of the Obligations or any of the Collateral. After deducting all of said expenses, the residue of any proceeds of collection or sale or other disposition of the Collateral shall, to the extent actually received in cash, be applied to the payment of the Obligations in such order or preference as the Secured Party may determine proper allowance and provision being made for any Obligations not then due. Upon the final payment and satisfaction in full of all of the Obligations and after making any payments required by Sections 9-608(a)(1)(C) or 9-615(a)(3) of the Uniform Commercial Code of the State, any excess shall be returned to the Company. In the absence of final payment and satisfaction in full of all of the Obligations, the Grantor shall remain liable for any deficiency.

19. Overdue Amounts. Until paid, all amounts due and payable by the Grantor hereunder shall be a debt secured by the Collateral and shall bear, whether before or after judgment, interest at the rate of interest for overdue principal set forth in the Revolving Credit Agreement.


20. **GOVERNING LAW; CONSENT TO JURISDICTION. THIS AGREEMENT IS INTENDED TO TAKE EFFECT AS A SEALED INSTRUMENT AND SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. THE GRANTOR AGREES THAT ANY ACTION OR CLAIM ARISING OUT OF, OR ANY DISPUTE IN CONNECTION WITH, THIS AGREEMENT, ANY RIGHTS, REMEDIES, OBLIGATIONS, OR DUTIES HEREUNDER, OR THE PERFORMANCE OR ENFORCEMENT HEREOF OR THEREOF, MAY BE BROUGHT IN THE COURTS OF THE STATE OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF SUCH COURT AND TO SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON THE GRANTOR**

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BY MAIL AT THE ADDRESS SPECIFIED IN THE REVOLVING CREDIT AGREEMENT. THE GRANTOR HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

21. **WAIVER OF JURY TRIAL.** THE GRANTOR WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS, REMEDIES, OBLIGATIONS, OR DUTIES HEREUNDER, OR THE PERFORMANCE OR ENFORCEMENT HEREOF OR THEREOF. EXCEPT AS PROHIBITED BY LAW, THE GRANTOR WAIVES ANY RIGHT WHICH IT MAY HAVE TO CLAIM OR RECOVER IN ANY LITIGATION REFERRED TO IN THE PRECEDING SENTENCE ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES OR ANY DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES. THE GRANTOR (I) CERTIFIES THAT NEITHER THE SECURED PARTY NOR ANY REPRESENTATIVE, AGENT OR ATTORNEY OF THE SECURED PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE SECURED PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS OR OTHER WAIVERS CONTAINED IN THIS AGREEMENT, AND (II) ACKNOWLEDGES THAT, IN ENTERING INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS TO WHICH THE SECURED PARTY IS A PARTY, THE SECURED PARTY IS RELYING UPON, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION 21.

22. **Miscellaneous.** The headings of each section of this Agreement are for convenience only and shall not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder shall be binding upon the Grantor and its respective successors and assigns, and shall inure to the benefit of the Secured Party and its successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein.

 4/13/06

IN WITNESS WHEREOF, intending to be legally bound, the Grantor and the Secured Party have caused this Agreement to be duly executed as of the date first above written.

SURE FIT INC.

By: 

Name: MAURICE OSHLUN

Title: Sr. V.P. Finance - CFO

Accepted:


D. E. SHAW SURE FIT ACQUISITION
HOLDINGS, L.L.C.

By: D. E. Shaw & Co., L.L.C., its manager

By: 

Name: Julius Gaudis

Title: Authorized Signatory

 4/13/06

SCHEDULE A**TRADEMARKS**

<u>TRADEMARK</u>	<u>SERIAL NUMBER</u>	<u>REGISTRATION NUMBER</u>	<u>DATE FILED</u>	<u>REGISTRATION DATE</u>	<u>COUNTRY</u>
DECOR EXPRESS (and Design)	74/193,303	2,547,468	8/8/91	3/12/02	United States
SURE-FIT (Stylized)	71/541,351	521,780	11/15/47	3/7/50	United States
HOMESCAPES	75/941,254	2,423,484	3/10/00	1/23/01	United States
SLIPCOVERS BY MAIL	75/792,534	2,392,448	9/3/99	10/3/00	United States
HOMESTYLE BY SURE FIT (Stylized)	76/564,152	Pending	11/24/03	Pending	United States
THE 10-MINUTE MAKEOVER	78/505,887	3,028,573	10/26/04	12/13/05	United States
SURE FIT	76/597,753	3,043,711	6/17/04	1/17/06	United States
HOMESTYLE BY SURE FIT	3501152	Pending	10/31/03	Pending	CTM
SURE FIT	3501236	3501236	10/31/03	8/23/05	CTM
SURE FIT	985924	Pending	1/23/04	Pending	Australia
SURE FIT	707088	707088	1/21/04	7/22/04	New Zealand
SURE FIT	2004- 003683	4794636	1/19/04	8/13/04	Japan

SCHEDULE B**COPYRIGHTS**

<u>TITLE</u>	<u>REGISTRATION NO.</u>	<u>REGISTRATION DATE</u>	<u>COUNTRY</u>
Slipcover instructions	TX-5-591-528	4/24/02	United States
Crescent	VAu667825	6/1/05	United States
Chenille swirls	VAu675183	6/1/05	United States
Nantucket	VAu673189	7/21/05	United States
Botanical	VAu673188	7/21/05	United States
Venados	VAu673187	7/21/05	United States
Lillian	VAu673186	7/21/05	United States
Cape Cod	VAu673185	7/21/05	United States
Zandi diamond	VAu673184	8/18/05	United States
Nantucket	VAu645903	6/1/05	United States
TV Land	VAu645902	6/1/05	United States
Zu Zu	VAu645901	6/1/05	United States
Sierra Valley	VAu645900	6/1/05	United States
Grandview	VAu657923	4/6/05	United States
Victoria	VAu657922	4/6/05	United States
Cameron	VAu657921	4/6/05	United States

SCHEDULE C**PATENTS**

<u>TITLE</u>	<u>SERIAL NUMBER</u>	<u>DATE FILED</u>	<u>PATENT NUMBER</u>	<u>ISSUE DATE</u>	<u>COUNTRY</u>
Slipcover for a recliner	08/628,906	4/8/96	5,676,422	10/14/97	United States
Semi-Fitted/One-Piece Slipcover	08/608,813	2/29/96	5,664,831	9/9/97	United States
Unitary slipcover with straight front skirt	09/206,572	12/7/98	6,116,685	9/12/00	United States
Semi-custom slip cover	2005245791	10/6/05	Pending	Pending	United States
Adjustable slipcovers for sofas	10/892,700	7/15/2004	Pending	Pending	United States
Adjustable slipcovers for sofas	200537019	4/28/05	Pending	Pending	PCT
Unitary slipcover with straight front skirt	29923557.2	12/7/99	29923557.2	12/28/00	Germany
Unitary slipcover with straight front skirt	0018513.2	12/7/99	2348366	8/21/02	United Kingdom
Unitary slipcover with straight front skirt	2,318,884	12/7/99	Pending	Pending	Canada
Unitary slipcover with straight front skirt	19982843.1	12/7/99	Pending	Pending	Germany
Unitary slipcover with straight front skirt	99966037.6	12/7/99	EP1052922	11/22/00	EPC
Unitary slipcover with straight front skirt	2121682	12/7/99	Pending	Pending	Australia
Unitary slipcover with straight front skirt	99US28991	12/17/1999	Pending	Pending	PCT